



Technology

Industry Update

Dell has reported a 54% decline in net income to \$337 million for the third quarter 2010 compared to a net income of \$727 million in the same quarter last year. Revenue declined 15% to \$12.9 billion.

Operating income declined 43% to \$577 million, while EPS fell 54% to \$0.17 million. Cash flow from operations was \$801 million during the quarter.

HP, however, has reported a 14% increase in net income to \$2.4 billion for the fourth quarter 2009, compared to a net income of \$2.1 billion in the same quarter last year. Revenue declined 8% to \$30.8 billion.

Operating income increased 15% to \$3.1 billion, while diluted EPS increased 18% to \$0.99. Cash flow from operations was \$3.4 billion, and the company repurchased approximately 46 million shares of common stock for \$2.1 billion.

Telecoms giant **BT** has also reported a 13% increase in net income to £428 million (\$714 million) for the second quarter 2010, compared to £378 million (\$630.6 million) in the same quarter last year. Revenue declined 4% to £5.1 billion (\$8.51 billion).

For the first half, the company reported a 16% decline in net profit to £642m (\$1.1 billion), compared to £760m (\$1.3 billion) in the same period last year. Revenue was down 2% at £10.31 billion (\$17.2 billion).

Over in India, **Wal-Mart Stores** has awarded multi-year contracts worth over \$600 million to three IT vendors, namely **Infosys Technologies**, **Cognizant Solutions** and **UST Global**, according to a report in the Business Standard newspaper.

The report said Infosys and Cognizant will provide application development and support. The companies are expected to get a larger share of the contracts. It said UST will be responsible for testing the applications. Wal-Mart is said to have given Infosys and Cognizant pilot projects about five months ago.

Some retail majors like Tesco, Target and Supervalu have their own software development centers in India. Wal-Mart has not opened its captive center in India, although it has a huge sourcing office in Bangalore.

Elsewhere, **Canon** and Dutch document imaging and printing company **Océ** have announced an agreement to combine their printing activities to strengthen their position in the printing industry. Canon has offered to buy all the outstanding shares of Océ for £730 million (\$1.1 billion).

Canon intends to make an offer of £8.60 (\$12.8) per share for 100% of the outstanding shares of Océ, representing a premium of 70% over Océ's closing share price on 13 November 2009. The company has informed the Dutch Authority Financial Markets that it has already acquired 17% of Océ ordinary shares through the market. The company said the combined entity offers excellent complementary fit in product range, channel mix, R&D, and business lines resulting in an outstanding offer for clients.

On completion of the acquisition, Océ will remain as a separate division of Canon with headquarters in Venlo, the Netherlands. Océ will be responsible for wide format, commercial printing and business services, with its



office activities integrated in Canon's Office Imaging Products division. Canon said Océ brand will be maintained and applied in all relevant markets, and its management board and key management will be retained.

Last year, Canon USA acquired San Francisco-based equipment distributor Newcal Industries for an undisclosed sum to expand its market presence and coverage.

In the US, Science **Applications International Corp (SAIC)** has won a 14-month \$235 million contract extension from **NASA** to continue work on the Unified NASA Information Technology Services (UNITeS) contract.

Under the contract, SAIC will continue to provide IT services to NASA's Marshall Space Flight Center (MSFC) in Huntsville, Alabama, and support all NASA Centers, including NASA headquarters, as well as NASA's international sites and networks. It will also provide services in support of NASA's wide area network, IT security, digital television, and Integrated Enterprise Management program.

The deal raises the ceiling value of the UNITeS contract vehicle to more than \$1.3 billion and extends the contract through to January 2011. The initial contract was awarded to SAIC in January 2004.

Dan Harris, senior vice president and UNITeS program manager at SAIC, said: "It's an honor to have our performance recognized by this contract extension. The MSFC and enterprise-wide services we provide are continuing to help NASA leverage technology to achieve greater efficiencies and cost savings."

In November 2008, the company won a five-year \$69.3 million contract from NASA to provide project management support services at NASA's Kennedy Space Center in Florida. In September 2008, it won an 11-month \$212 million IT services contract extension from NASA.

Finally, **Intel** will pay \$1.25 billion to **Advanced Micro Devices (AMD)** as part of the settlement agreement to end all outstanding legal disputes between the companies, including antitrust litigation and patent cross license disputes.

As per the agreement, AMD and Intel will obtain patent rights from a new five-year cross license agreement, and will give up any claims of infringement from the previous license agreement. Intel has also agreed to abide by a set of business practice provisions. As a result, AMD will drop all pending litigation including the case in the Delaware district court and two cases pending in Japan. AMD will also withdraw all of its regulatory complaints worldwide.

In March, Intel accused AMD of breaching a 2001 patent cross-licensing agreement in a filing with the US Securities and Exchange Commission. It alleged that AMD's GlobalFoundries arm was not a subsidiary under terms of the agreement and is therefore not licensed under the cross-license agreement. It also said the deal structure between AMD and ATIC breaches a confidential portion of its agreement with AMD.

In a joint statement, AMD and Intel said: "While the relationship between the two companies has been difficult in the past, this agreement ends the legal disputes and enables the companies to focus all our efforts on product innovation and development."

The announcement follows a lawsuit against Intel by the New York state for antitrust violations and a \$1.5 billion fine by the European Commission for antitrust offences.

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